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SUBJECT: IRAN: FCO CAUTIOUS ON PROSPECTS AND END GAME FOR
UK'S APPEAL OF MEK FREEZE

REF: LONDON 331 AND PREVIOUS

CLASSIFIED BY: POLITICAL COUNSELOR RICHARD MILLS, JR. FOR
REASONS 1.4(B AND D)

¶1. (C/NF) Summary. Foreign and Commonwealth (FCO) contacts are hopeful but uncertain on how and when a UK appellate court will rule on the legality of the current HMG freeze of Mujaheddin-E-Khalq's (MEK) UK assets; in case of an unfavorable ruling, HMG will likely pursue the case in the UK's highest court, the House of Lords. FCO contacts opined, surprisingly, that there is serious support for MEK in the House of Commons should the MEK prevail in its appeal; they argued that the possibility of an appellate court ruling in favor of the MEK is strong enough that HMG has been "managing the expectations" of Iranian authorities so as to buffer what would likely be a strong reaction from Tehran should the MEK prevail. End summary.

¶2. (C/NF) FCO Iran Coordination Group Bilateral Officer Helen Teasdale and Bilateral Team Leader Margaret Tongue told London Iran Watcher (Poloff) on March 14 there has been no specific indication from the UK Court of Appeals of its likely finding following the three days of appellate argument last month before the Court by HMG attorneys seeking to overturn a 2007 administrative ruling that the MEK should be delisted under UK law and its UK assets unfrozen. Teasdale explained that technically the hearing was simply over HMG's request for leave to appeal, but that lawyers were asked by the court to brief and argue all of the many questions of law in the case. Given this, and that the court heard three full days of argument, HMG hopes the Court will rule on the case broadly, rather than decline on narrow grounds to entertain the appeal.

¶3. (C/NF) In response to questions, Teasdale and Tongue were confident that HMG would, if the Court of Appeals ruled for the MEK, take a further appeal to the House of Lords, which is essentially the equivalent of the U.S. Supreme Court. In the meantime, Tongue said UK authorities have repeatedly reassured Iran's government at senior levels that HMG will fight the MEK appeal vigorously and expects ultimately to win, and to be able to keep the MEK listed and its assets frozen.

¶4. (C/NF) Tongue argued, however, that hypothetically, if HMG were to lose an appeal in the House of Lords, HMG would in her view be unlikely, due to the popularity of the MEK with numerous legislators in Parliament, to pursue a legislative solution, i.e. try to continue the MEK's listed status by curing any weaknesses a court finds in the UK domestic regulation under which the MEK is listed and its funds frozen. Tongue said the MEK's evidence that the organization had transformed itself into a genuinely transparent, democratic body unconnected to terrorism, was just as persuasive to MPs as it had been to the

administrative tribunal (the Proscribed Organisations Appeals Commission) which had originally granted the MEK's petition, and whose order is the object of HMG's current appeal. Tongue believed HMG attempts to better educate MPs on the MEK and its true composition and orientation were likely to fall on deaf ears at Westminster, so effective has the MEK lobbying machine been in persuading a large number of UK legislators that the MEK is the vanguard of a future democratic Iran.

Comment

¶5. (C/NF) Though the MEK has been effective in influencing a significant minority of MPs, Tongue's comments seem overly pessimistic to Poloff, who has met with numerous MPs with interest in Iran issues and who, contrary to Tongue's impressions, appear to discount the MEK as a political force in Parliament. For now, the debate is moot pending a final outcome of the judicial appeals process, which still has some way to go.

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